



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Required Report - public distribution

Date: 8/1/2001

GAIN Report #SN1007

# **Singapore**

## **Retail Food Sector**

### **Report**

### **2001**

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#### **Report Highlights:**

**Singapore has a large and increasingly modernising food and beverage retail market that is supplied mainly by imported products. Trade sources estimate the total retail sales today for food and beverage products amount to between of US\$2.5 billion and US\$3 billion. The food and beverage retail sector is made up of supermarkets and hypermarkets, mini-markets, including convenience stores, provision shops, and market produce stalls.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Kuala Lumpur[MY1], SN



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## 1. Singapore in profile

Singapore (population of 4.02 million, including 0.76 million non-residents) is one of the most affluent nations in Asia with a GDP per-capita of about US\$21,252 today. About 22% of the population are aged 15 years and below, which represents a sizeable pool of future consumers who will be an important driver for increased consumption of imported food and beverages in future.

59% of its households make up the middle to upper income group of consumers, all of whom lead an urban lifestyle and represent the bulk of the market for imported food and beverages today. According to the Department of Statistics, the average household in 1998 spent 23.7% of their monthly expenditure on food, of which 45% was on non-cooked food.

Singapore's economy is based mainly on its strong export manufacturing and financial and business service sectors. Until recently, its economy has been growing in excess of 8% per annum. In 2000, the economy is estimated by the government to have grown by 10.1%, up from 5.5% in 1999. The government forecasts economic growth for 2001 to be between 5% to 7%.

## 2. Food and beverage retail market summary

Singapore has a large and increasingly modernising food and beverage retail market that is supplied mainly by imported products. Trade sources estimate the total retail sales today for food and beverage products amount to between US\$ 2.5 billion and US\$ 3 billion.

The import market for the food and beverage products covered by this study amounts to around US\$ 1.3 billion on a CIF market entry price. The Table below provides an overview of the size of the import market for the food and beverage products covered by this study.

Size of Singapore's food and beverage import market - 1995 to 1999 (US\$ million)					
	1995	1996	1997	1998	1999
Beef	49	39	41	36	45
Lamb	14	15	18	17	16
Poultry	169	189	185	170	197
Dairy	203	190	205	182	198
Eggs and products	33	43	43	41	50
Breakfast cereals	9	11	12	12	16
Infant food	3	4	5	6	4

Snacks; potato and cereal based	7	6	8	6	9
Fresh and prepared vegetables	128	127	126	138	147
Fresh and prepared fruits	132	136	142	128	131
Edible nuts	41	33	27	20	33
Non-alcoholic beverages	71	76	77	66	66
Wine	25	159	51	34	52
Beer	21	22	29	23	27
Spirits	219	217	303	300	339
Pet food			6	6	7
Net imports in US\$ million	1124	1267	1278	1185	1337

## Notes:

1. The above values are net of re-exports from Singapore except for spirits which only show the gross import values as values of re-exports exceed import values due to the large margins made on re-exports.
2. Infant food excludes dairy products which have been included under the dairy category.
3. The import and re-export statistics for pet food for 1995 and 1996 were not analysed by the Department of Statistics.

Source: Department of Statistics

Locally manufactured food and beverage products for domestic consumption amounted to US\$ 1.1 billion in 1998, based on the latest available official data. According to the Ministry of Trade and Industry, the food and beverage industrial sector has not achieved any growth since 1997. The Table below provides an overview of the size of Singapore's food and beverage industry from 1994 to 1998.

Size of Singapore's food and beverage industry - 1994 to 1998 (US\$ million)					
	1994	1995	1996	1997	1998
Value of sales in US\$ million, net of export sales	678	992	1,092	1,184	1,148
Number of businesses	314	309	312	323	320
Source: Latest available information from the Economic Development Board, Singapore					

## 2.1 Singapore's food and beverage retail sector in overview

The food retail sector in Singapore is fragmented with a large number of small retailers as shown by the Table below.

Size of Singapore's Food Retail Sector (1997)						
Store type	Number of stores		Sales US\$ million		Market Share %	
	1997	1987	1997	1987	1997	1987
Supermarkets	137	60	1,025	318	59%	37%
Mini-markets	629	320	340	130	20%	15%
Provision shops	1,528	2,438	361	410	21%	48%
Total	2,294	2,818	1,726	858	100%	100%
Note: A five-year detailed analysis was not readily available.						
Source: Department of Statistics, The Grocery Trade in Singapore 1987-1997 (Latest official survey)						

The food and beverage retail sector is made up of:

**(i) Supermarkets and hypermarkets**

This sub-sector dominates the food retail sector today. According to the Ministry of Trade and Industry, this sub-sector grew at between 3% to 10% since 1997. In 1997, it had 59% share of the food retail sector and trade sources comment that they continue to dominate the sector today. They added that this sub-sector is likely to grow at about 2% to 5% over the next three years.

Their customers range from the lower income to the higher income group of consumers. They include those who shop in small quantities on a regular basis as well as those who shop in bulk on a less regular basis. For this reason, all supermarkets and hypermarkets are located in buildings where car parking facilities are readily available.

The competitive advantages of these stores are their convenience to the shoppers through their long operating hours in an air conditioned, clean environment and their offer of a wide range of products, from fresh produce through to more sophisticated products, including both imported branded products as well as local branded products, thus enabling shoppers to buy almost everything they need. In addition, supermarkets such as Fairprice (formerly known as NTUC Fairprice) and Shop N Save offer competitively priced products, including house labels, to attract the price conscious customers from the lower to middle income group. To achieve this, the hypermarkets and, increasingly, the supermarkets buy directly from suppliers and manufacturers, thereby cutting out the distributors' and importers' costs and pass the cost savings back to their customers.

These modern retail stores are also introducing new and additional services within their stores such as in-store bakeries, food service areas and ready prepared meals to attract more customers to their

stores. All the above facilities and advantages offered by these stores have encouraged an increasing number of Singaporeans to shop at supermarkets and hypermarkets. Trade sources comment that more supermarket outlets are expected to open up over the next three to five years to take advantage of this trend.

**(ii) *Mini-markets, including convenience stores***

In 1997, this sub-sector had 20% share of the food retail sector. The majority of these stores are franchise operations which obtain benefits from their franchisor's advertising support, consultancy services, staff training, financing and bulk purchasing. A large number of these stores were once traditional provision shops which have been upgraded to better compete in the market. According to the Ministry of Trade and Industry, this sub-sector showed no growth since 1997. Trade sources comment that this sub-sector is unlikely to show much growth in the next three years.

The majority of their customers purchase small quantities of goods on a regular basis. Most of them usually live within walking distance from such stores. These air conditioned stores offer their shoppers convenience with a selected range of processed and packaged food and beverage products, although significantly smaller in range compared to supermarkets. They generally do not sell fresh meat and offer only a small range of fresh fruits. They mainly compete with the traditional provision shops by offering the more sophisticated shopper a range of popular branded imported products as well as popular traditional local and Asian products at competitive prices.

Trade sources comment that more mini-markets are likely to open up in the next three to five years to cater to the younger customers who prefer these stores to the traditional stores.

**(iii) *Provision shops***

These are the traditional non-air conditioned grocery stores which offer mainly local and Asian processed products, including unbranded products. They generally do not sell fresh produce. Their competitive advantage is the lower price they offer to their lower to middle income group of shoppers, most of whom shop daily and buy small quantities of goods. The majority of their customers live within a short walking distance from such stores.

In 1997, provision shops had 21% share of the food retail market but according to trade sources, their share has been declining steadily in recent years as younger shoppers switch to shopping in supermarkets and mini-markets. According to the Ministry of Trade and Industry, this sub-sector showed no growth since 1997. Trade sources comment that this sub-sector is unlikely to show any growth in the next three years.

Trade sources comment that provision shops will open up in new neighbourhoods to cater to the shopping needs of the older generation. However, such stores are unlikely to open up in established neighbourhoods as the shopping trend is moving towards shopping in clean, air-conditioned stores which offer a wide range of good quality products at competitive prices.

**(iv) Market produce stalls**

The above Table does not include some 11,000 market produce stalls located in 150 wet markets owned by the Housing & Development Board, the Ministry of Environment and the Jurong Town Corporation. These wet markets are located in virtually every neighbourhood and are involved mainly in retailing fresh poultry, pork and beef, fish and seafood, fruits and vegetables although a limited range of local and Asian processed and packaged food and beverage products are also sold. The Table below provides an overview of the size of the wet markets today.

<b>Market produce stalls - 2001</b>			
<b>Total number of stalls</b>	<b>Under the Housing &amp; Development Board</b>	<b>Under the Ministry of the Environment</b>	<b>Under Jurong Town Corporation</b>
11,036	8,469	2,173	394
Source: Housing & Development Board, Ministry of the Environment			

Trade sources estimate the retail sales generated by these market produce stalls at anywhere between US\$ 400 million and US\$ 600 million. No trade comments were available about the future growth of this sub-sector.

These stalls specialize in supplying fresh produce at very competitive prices and target the low to middle income group of shoppers. Other unbranded and unpacked dry local and Asian foodstuffs are also available at these outlets. Such market stalls are likely to continue to operate in the next three to five years as most of the shoppers who frequent these stalls are particular about freshness and price, two very important purchasing criteria which are consistently met by these retail outlets. The long term future of these stalls depends on the government's future policy towards maintaining the existence of wet markets in Singapore.

**2.2 Advantages and challenges for US exporters**

The Table below summarises the advantages and challenges for US products in the Singapore food and beverage retail sector.

<b>Advantages</b>	<b>Challenges</b>
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Singapore's economy is continuing to grow and many of the market segments under this study are also growing. The market for imported products (except for alcoholic drinks) is generally free of import duties.	Malaysia, Australia, New Zealand and China have strong presence in a number of the markets under study. This presents barriers for the USA.
US businesses has partnered with NTUC to supply US products through the Liberty stores. This allows new-to-market US products to be introduced to Singaporeans.	US products are not always price competitive against similar quality products from neighbouring countries such as Australia, New Zealand and Malaysia.
Young Singaporeans are increasingly adopting US culture and trends. This is positive for US products.	New-to-market US products do not always fit local demand on taste and packaging size.
Past marketing efforts by US organisations have raised the profile of a range of US products in the eyes of consumers and retailers, e.g. fresh fruits, snacks, dried fruits, etc.	New-to-market US products are not always understood by many Singaporeans and so are ignored.
US products are generally known to be of high quality by most Singaporeans and so are more readily accepted than some other foreign products.	Local products dominate in soft drinks, beer and some dairy products.
A wide variety of foreign products already "fit" into local food culture, e.g. ice cream, potato and cereal based snacks, infant food, temperate fruits and vegetables and soft drinks. This is continuing to increase.	Major retailers are becoming more demanding on the performance of products in their stores and will not hesitate to remove slow moving products from their shelves.

### 3. Road map for market entry

#### 3.1 Supermarkets and hypermarkets

##### 3.1.1 Company profiles

This retail sub-sector is dominated by a few large players involved in operating supermarkets and hypermarkets. Trade sources comment that the top supermarkets and hypermarkets are operated by NTUC Fairprice, Cold Storage and Shop N Save. Carrefour entered Singapore in 1997 as a hypermarket. A number of smaller supermarket businesses such as Prime, Isetan and Daimaru also operate in this sector. The Table below provides information on the major retailers involved in the operation of supermarkets and hypermarkets.

<b>Retailer Name and Outlet Type</b>	<b>Ownership</b>	<b>Sales (US\$ millions)</b>	<b>No. of Outlets</b>	<b>Location</b>	<b>Purchasing Agent Type</b>
NTUC Fairprice Co-operative Ltd, supermarket chain	Co-operative	568.7 (2000), including sales through convenience stores. Reported to have 58% share of supermarket business.	66 Fairprice supermarkets and 2 Liberty (American-theme) supermarkets	Nation-wide	Direct sourcing preferred with some agents used.
Cold Storage Singapore (1983) Pte Ltd, supermarket chain	Local company, subsidiary of Dairy Farm Group of Hong Kong	248.7 (1999), including sales through convenience stores. Second largest supermarket chain.	27 supermarkets 1 air-conditioned wet market, 2 gourmet stores and 1 Giant hypermarket	Nation-wide	Direct sourcing preferred with some agents used.
Shop N Save Pte Ltd, supermarket chain	Local company, owned by QAF Ltd (51%) and Delhaize "The Lion" Group (49%)	Sales not disclosed. Third largest supermarket chain. It made net profits of US\$ 1 million in 1999.	30 supermarkets	Nation-wide	Direct sourcing preferred with some agents used.

Carrefour Singapore Pte Ltd, hypermarket	Local company, wholly owned by Carrefour Netherlands	Sales not disclosed. It made net loss of US\$ 1.1 million in 1999.	1 hypermarket	On the outskirts of the Central Business District	Group sourcing direct from suppliers is preferred.
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### 3.1.2 Entry strategy

US exporters should treat this sub-sector as a mainstream retail sector target. At first sight, supermarkets and hypermarkets appear to be the easiest entry target for new-to-market US exporters as they already sell a wide range of imported food and beverage products which are targeted at the sophisticated middle to higher income group of consumers, including western expatriates. However, US exporters should carefully select major retailers that are best positioned to support US food and beverage products. Some supermarket outlets cater mainly to western expatriate customers while others concentrate on local customers. For example, Fairprice has a large number of neighbourhood stores with products targeting the lower to middle income Singaporeans with some located in the middle to higher income areas selling more sophisticated products while Liberty stores target western expatriate customers as well as the sophisticated Singaporeans with their high concentration on imported products from the USA.

The US exporter should consider the following when selecting major retailers:

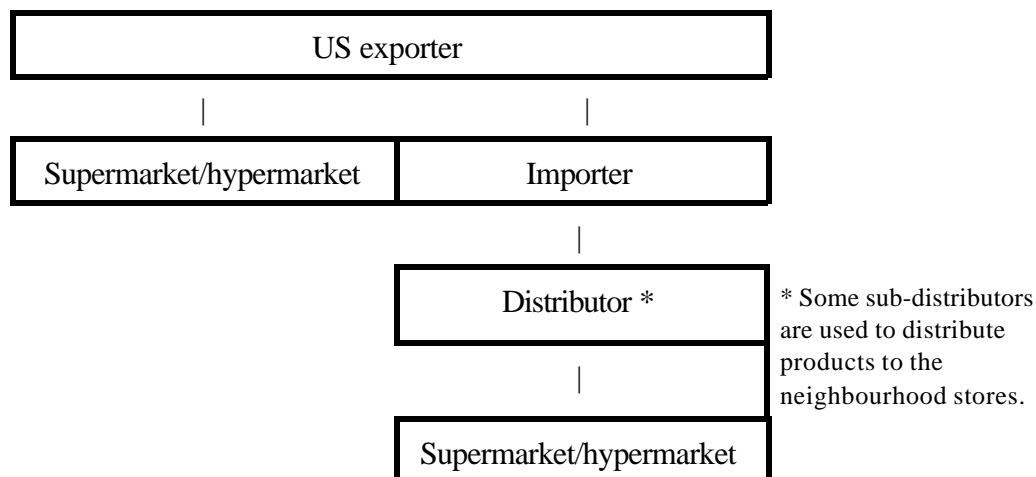
- ! The financial strength of the company.
- ! The number and location of retail outlets.
- ! The marketing and promotional strategy and programme of the store.
- ! The target customers of the store.
- ! The level of interest by the retailer in selling imported US products.
- ! The retail management's policy towards:
  - new imported products and brands.
  - premium and basic lines and niche products.
  - volume of sales expected.
  - promotional support expected of US exporters.
  - pricing.
  - listing fees and other costs, if any.
- ! The store's purchasing policy, i.e. whether they purchase directly from overseas suppliers or via local importers/distributors.

In addition, US exporters should consider the following matters when planning to enter this retail sub-sector:

- ! Price competitiveness of the US products compared to local brands and other major imported brands.
- ! US products which can be accepted as alternatives to local and other imported products.
- ! US products which can easily fit into local food culture.
- ! US products which provide convenience for customers.
- ! The level of promotion and consumer education necessary for successful long term presence in the market.
- ! Ability to meet retailer purchasing requirements and specifications.

### 3.1.3 Distribution channel

The Chart below gives an overview of the distribution channel for imported food and beverage products from US exporters to supermarkets and hypermarkets.



It is important to note that some supermarkets and hypermarkets buy directly from overseas suppliers as well as from local importers and distributors. The larger retailers have the policy of buying directly from overseas suppliers where possible and cut out local agents in order to pass cost savings to their customers to be more price competitive in the market.

## 3.2 Mini-markets, including convenience stores

### 3.2.1 Company profiles

This sub-sector has a large number of businesses involved in operating mini-markets and two large businesses involved in operating convenience stores. The main difference between mini-markets and convenience stores is in the length of hours the store remains open for in a day. Convenience stores operate for 24 hours a day unlike mini-markets which have similar operating hours as supermarkets. The Table below provides information on the major businesses involved in the operation of mini-markets and convenience stores.

Retailer Name and Outlet Type	Ownership	Sales (US\$ millions)	No. of Outlets	Location	Purchasing Agent Type
NTUC Fairprice Co-operative Ltd, convenience stores	Co-operative	568.7 (2000), including sales through convenience stores. Second convenience store operator.	19 Cheers stores	Nationwide	Direct sourcing preferred with some agents used.
Cold Storage Singapore (1983) Pte Ltd, convenience store operated under license from Southland Corporation	Local company, subsidiary of Dairy Farm Group of Hong Kong	248.7 (1999), including sales through convenience stores. Largest convenience store operator.	86 outlets of 7-Eleven stores	Nationwide	Direct sourcing preferred with some agents used.
Provision Suppliers Corporation Ltd, franchise operator of mini-markets	Local company	59.2 (1998), including food manufacturing. Largest retail franchise operator.	166 Econ Minimart stores	Nationwide	Direct sourcing via its subsidiaries, Topseller and Tipex Trading
Provision Management & Supplies Ltd, franchise operator of mini-markets	Local company, holding company of Happy Family Minimart Services Pte Ltd	5.5 (1999) Second largest retail franchise operator.	70 Happy Family Minimart stores	Nationwide	Direct sourcing

### 3.2.2 Entry strategy

US exporters should treat this sub-sector as providing incremental business for them rather than as a mainstream retail sector target. They should plan to develop a long term business relationship with the major franchise operators. The new-to-market US exporters should consider the following matters when planning to enter the mini-markets sector:

- ! Price competitiveness of the US products compared to local brands and competitive imported brands.
- ! US products which can be accepted as alternatives to local and other imported products.
- ! US products which can easily fit into local food culture.
- ! US products which provide convenience for customers.

### 3.2.3 Distribution channel

The Chart below gives an overview of the distribution channel for imported food and beverage products from US exporters to mini-markets.



Mini-markets operate under economic groupings or franchises where food and beverage products are sourced in bulk through their wholesalers or franchisors to gain economies of scale, thereby benefiting from lower purchase prices.

## 3.3 Provision shops and market produce stalls

This sub-sector is highly fragmented with no major players in the market. They are made up of small family-run businesses and are located in the neighbourhoods where low to middle income groups of Singaporeans reside. These retail stores generally sell local and Asian products and brands with low presence of imported food and beverage products from western countries.

### 3.3.1 Entry strategy

Although this sub-sector has a large share of the food and beverage retail market, it concentrates on selling local and Asian products at very competitive prices to closely meet the demands of their customers. For this reason, new-to-market US exporters should carefully select major local distributors that have wide distribution capabilities which reach into the neighbourhoods. In order to maintain a successful long term presence, US exporters need to take advantage of these local companies' distribution capabilities and experience as well as the close relationships that have been built up between them and the small retailers.

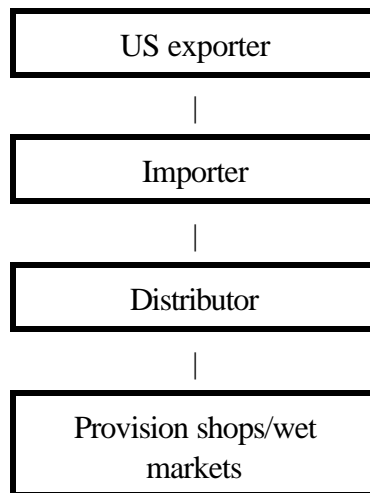
US exporters should supply price competitive products that:

- , can be accepted as alternatives to local products and brands.

, can easily fit into the local food culture.

### 3.3.2 Distribution channel

The Chart below gives an overview of the distribution channel for imported food and beverage products from US exporters to provision shops and market produce stalls.



Provision stores and market produce stalls source their imported food and beverage products through local importers and distributors or sub-distributors, like most small retail businesses in Singapore.

## 4. Competition in the sector

The Table below summarises the major supply sources for each product covered under this study, the strengths of the key supply sources and the advantages and disadvantages of local companies.

Product	Major supply sources	Strengths of key supply countries	Advantages and disadvantages of local companies
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<p>Beef</p> <p>Net import: 17,047 tonnes</p> <p>US\$ 45 million (CIF value)</p>	<p>1. Australia - 37%</p> <p>2. Brazil - 35%</p> <p>3. New Zealand - 22%</p> <p>USA - Minor supplier (4% share)</p>	<p>National branding as a high quality product by Australia and consistent presence in retail stores has created its market leadership.</p> <p>Brazil competes on price and leads in the frozen sector; used by food service.</p> <p>New Zealand specialises in servicing the food service businesses.</p>	<p>There is no local supply of beef.</p>
<p>Lamb</p> <p>Net import: 9,612 tonnes</p> <p>US\$ 16 million (CIF value)</p>	<p>1. Australia - 89%</p> <p>2. New Zealand - 11%</p> <p>USA - Negligible supplier</p>	<p>Australia leads in the market with its price competitive products.</p>	<p>There is no local supply of lamb.</p>
<p>Poultry, frozen</p> <p>Net import: 84,730 tonnes</p> <p>US\$ 104 million (CIF value)</p>	<p>1. USA - 30%</p> <p>2. Brazil - 30%</p> <p>3. Thailand - 12%</p>	<p>USA leads with its Tyson products which are well known to the food service sector and have a good presence in the retail stores.</p> <p>Brazil competes on price with its frozen whole chicken.</p> <p>Thailand competes on price but is perceived to be of lower quality than USA and Brazil products.</p>	<p>Local supply of poultry is negligible.</p>



<p>Dairy</p> <p>Net import: 140,457 tonnes</p> <p>US\$ 198 million (CIF value)</p>	<p>1. Australia - 43%</p> <p>2. New Zealand - 18%</p> <p>3. Malaysia - 15%</p> <p>USA - Minor supplier (2% share)</p>	<p>Australia is price competitive, geographically close and has developed a long standing in the market.</p> <p>NZ is strong in the branded processed cheese, milk powders (not infant) and butter.</p> <p>Malaysia is strong in ice cream, sweetened condensed milk, canned milk powders, infant formula and yogurt.</p>	<p>Local companies are strong in liquid milk, ice cream, yogurt, cultured milk drinks and sweetened condensed milk. They are all very strong companies although affected by rising production costs.</p>
<p>Egg products</p> <p>Net import: 1,119 tonnes</p> <p>US\$ 2 million (CIF value)</p>	<p>1. Australia - 50%</p> <p>2. USA - 42%</p>	<p>Australia competes on price to gain market share and has developed its market since 1994. This is a new market and the product is still not understood.</p>	<p>No local production of processed eggs exists. Singapore has a sizeable local egg farming sector.</p>
<p>Breakfast cereals</p> <p>Net import: 5,155 tonnes</p> <p>US\$ 16 million (CIF value)</p>	<p>1. Malaysia - 48%</p> <p>2. China - 14%</p> <p>3. USA - 12%</p>	<p>Branded market dominated by Nestlé, Kellogg's and Post.</p> <p>Malaysia is a re-export site for Nestlé while Kellogg's are supplied from a number of countries including USA. Quaker's imported from China. Post is imported from USA.</p>	<p>Singapore does not produce breakfast cereals.</p>
<p>Infant food, excluding dairy products</p> <p>Net import: 2,262 tonnes</p> <p>US\$ 4 million (CIF value)</p>	<p>1. Malaysia - 87%</p> <p>2. USA - 3%</p>	<p>Branded market, dominated by Nestlé which is imported from Malaysia.</p> <p>Heinz and Gerber products are imported from the USA.</p>	<p>Singapore does not produce infant food.</p>

<p>Snacks; potato and cereal based</p> <p>Net import: 2,793 tonnes</p> <p>US\$ 9 million (CIF value)</p>	<p>1. USA - 48%</p> <p>2. Malaysia - 17%</p> <p>3. China &amp; Hong Kong - 13%</p>	<p>Branded market. USA dominates with its Pringles and Fritolay products. Malaysia's branded products such as Jack &amp; Jill and Roller Coasters compete on price.</p>	<p>TaiSun produces potato and cereal based snacks and is a fairly new entrant into this snack market segment.</p>
<p>Fresh vegetables, temperate</p> <p>Net import: 280,776 tonnes</p> <p>US\$ 102 million (CIF value)</p>	<p>1. Malaysia - 45%</p> <p>2. China &amp; Hong Kong - 23%</p> <p>3. Australia - 11%</p> <p>USA - Minor supplier with 3% of market</p>	<p>Malaysia dominates the market with its consistent ability to supply good quality, competitively priced vegetables. China &amp; Hong Kong supply traditionally demanded products. Australia's proximity and frequent air-links are its key advantages.</p>	<p>Singapore does not produce fresh temperate vegetables.</p>
<p>Frozen vegetables</p> <p>Net import: 9,697 tonnes</p> <p>US\$ 7 million (CIF value)</p>	<p>1. USA - 63%</p> <p>2. New Zealand - 10%</p> <p>3. Canada - 9%</p>	<p>USA dominates the market with its frozen potato products, mainly to the food service, although it also supplies other frozen vegetable products (peas, sweet corn, okra, broccoli). New Zealand supplies frozen peas while Canada supplies frozen French fries.</p>	<p>Singapore does not produce frozen vegetables.</p>
<p>Canned vegetables</p> <p>Net import: 31,036 tonnes</p> <p>US\$ 33 million (CIF value)</p>	<p>1. USA - 36%</p> <p>2. China &amp; Hong Kong - 28%</p> <p>3. Malaysia - 9%</p>	<p>USA leads with its Green Giant, Del Monte and S&amp;W sweet corn, kidney beans and asparagus products. China &amp; Hong Kong supplies canned Asian products (bamboo shoots, mushrooms) while Malaysia is strong in supplying baked beans and peas.</p>	<p>Singapore does not produce canned vegetables.</p>

<p>Fresh fruits, temperate</p> <p>Net import: 136,145 tonnes</p> <p>US\$ 116 million (CIF value)</p>	<p>1.China - 29%</p> <p>2. Australia - 19%</p> <p>3. USA - 18%</p>	<p>China leads the market with its Fuji apples, Chinese pears and mandarins.</p> <p>Australia and USA are key seasonal suppliers of apples, oranges, grapes, berries and stone fruits.</p> <p>Their products are trusted by consumers.</p>	<p>Singapore does not produce fresh temperate fruits.</p>
<p>Dried fruits</p> <p>Net import: 2,791 tonnes</p> <p>US\$ 6 million (CIF value)</p>	<p>1. USA - 51%</p> <p>2. China - 15%</p> <p>3. Iran - 11%</p>	<p>USA dominates the market for raisins and prunes, forming the bulk of demand in this market. It has established a long presence in the retail market with its well known brands (Sun-Maid, Sunsweet, Del Monte, Ligo).</p>	<p>Harvest Fields, NTUC Fairprice house brand, uses imported dried fruits from USA.</p>
<p>Canned fruits</p> <p>Net import: 8,009 tonnes</p> <p>US\$ 9 million (CIF value)</p>	<p>1. USA - 23%</p> <p>2. China &amp; Hong Kong -18%</p> <p>3.Philippines - 16%</p>	<p>USA leads with its Del Monte and S&amp;W products, especially sliced peaches, pears and peaches.</p> <p>China &amp; Hong Kong supply Asian products such as lychees, longans.</p>	<p>Singapore does not produce canned fruits.</p>
<p>Edible nuts</p> <p>Net import: 35,162 tonnes</p> <p>US\$ 33 million (CIF value)</p>	<p>1. China - 39%</p> <p>2. India - 35%</p> <p>3. Vietnam - 16%</p> <p>USA - Minor supplier (5%)</p>	<p>China is strong in supplying groundnuts that have a traditional demand from ethnic Chinese although India has now managed to capture market share from China by offering very competitive prices. They both supply to food processors.</p>	<p>Local brands such as Tong Garden, Camel and Tai Sun have a very strong presence in the retail market.</p>

<p>Non-alcoholic beverages</p> <p>Net import: 128.6 million litres</p> <p>US\$ 66 million (CIF value)</p>	<p>Import market shares:</p> <ol style="list-style-type: none"> <li>1. Malaysia - 55%</li> <li>2. Thailand - 10%</li> <li>3. Taiwan - 5%</li> <li>4. China - 5%</li> </ol> <p>USA - Minor supplier (4% share)</p>	<p>Malaysia dominates the import market with supplies of good quality cordials, fruit juices and mineral water at very competitive prices.</p>	<p>Local soft drinks and mineral water products dominate the market. Coca-Cola and Pepsico products are produced locally. Other well-known local brands also dominate. They have developed a firm footing in the market to the near exclusion of imports.</p>
<p>Wine</p> <p>Net import: 6.6 million litres</p> <p>US\$ 52 million (CIF value)</p>	<p>1. France - 51%</p> <p>2. Australia - 22%</p> <p>3. USA - 7%</p>	<p>France dominates the food service market and competes on quality and price.</p> <p>Australia has developed a higher presence in the retail market because of its price competitive products and strong supply.</p>	<p>Singapore does not produce any wine.</p>
<p>Beer</p> <p>Net import: 28.7 million litres</p> <p>US\$ 27 million (CIF value)</p>	<p>Import market shares:</p> <ol style="list-style-type: none"> <li>1. Malaysia - 56%</li> <li>2. Belgium - 12%</li> <li>3. China - 11%</li> </ol> <p>USA - Minor supplier (2%)</p>	<p>Carlsberg's products are imported from Malaysia and Singapore is part of its home market. It has a very strong presence in Singapore with very wide distribution.</p> <p>The other imported beers are small niche players.</p>	<p>Market is dominated by local beers. Singapore has one major brewery that is an aggressive brand driven businesses which protects its market.</p>

<p>Spirits</p> <p>Net import: 4.5 million litres</p> <p>US\$ 219 million (CIF value)</p>	<p>1. France - 50%</p> <p>2. UK - 35%</p> <p>3. USA - 5%</p>	<p>The market is dominated by brandy (49% market share).</p> <p>France dominates (99% share) the brandy sector with its well known brands.</p> <p>UK dominates in whiskies, vodka and gin while USA is a major supplier of rum.</p>	<p>Local production is negligible.</p>
<p>Pet food</p> <p>Net import: 5,461 tonnes</p> <p>US\$ 7 million (CIF value)</p>	<p>1. USA - 38%</p> <p>2. Australia - 33%</p> <p>3. Thailand - 14%</p>	<p>The market is dominated by Friskies (Australia &amp; USA,) Pedigree (Australia) and Whiskas (Australia &amp; Thailand).</p>	<p>Singapore does not produce processed and packed pet foods.</p>
Source: Department of Statistics, market observations and trade comments			

## 5. Best product prospects

The main aim of this study is to make a broad based assessment of the attractiveness of the target market segments for U.S. products and rank each segment in accordance with the following criteria:

- Category A: U.S. products are available in significant quantities in the market segments which have good sales potential.
- Category B: U.S. products not present in significant quantities in market segments which have good sales potential.
- Category C: U.S. products not present in market segments because they face significant barriers

The following Table considers in broad terms which of the food market segments covered by this study are attractive for U.S. products to develop over the next three years. The Table also ranks each sector according to the above referred criteria.

It should be noted that this market attractiveness review has been developed from a broad study of the Singapore market and not detailed market studies of each segment. As a result, the reader should not construe it as the results of a full and detailed market study into opportunities for U.S. products. This assessment considers in broad terms the likely strategic direction of each market segment but does not consider or provide advice on the strategies or tactics that will be needed by US exporters to develop

viable markets.

<b>Product category</b>	<b>1995 Net imports</b>	<b>1999 Net imports</b>	<b>% Change</b>	<b>Key constraints over market development</b>	<b>Market attractiveness for USA</b>
Beef	13,477 tonnes  US\$ 49 million (CIF value)	17,047 tonnes  US\$ 45 million (CIF value)	5% growth per annum. Market has been in growth phase in recent years but the BSE concerns by consumers have currently dampened demand.	The continued presence of BSE and the uncertainty over feed source supplied to cattle has increased consumer concerns and reduced demand. This is likely to continue into the future unless such concerns are eliminated.	Category C.  This market currently suffers from uncertainties due to concerns over BSE by consumers. Even beef from BSE-free countries is starting to be avoided by consumers.
Lamb	6,452 tonnes  US\$ 14 million (CIF value)	9,612 tonnes  US\$ 16 million (CIF value)	10% growth per annum. Growth has been more rapid in the past two years as consumers look for alternatives to beef.	The lamb consumers are Malays and Indians who do not form the majority of the population. Lamb is not popular with the majority Chinese population.	Category B.  This market is attractive for US exporters wishing to capitalise on the growth in the market and willing to compete with Australia to gain market share.

Poultry, frozen	43,576 tonnes  US\$ 76 million (CIF value)	84,730 tonnes  US\$ 104 million (CIF value)	19% growth per annum. Very rapid growth was seen in the past year as food service operators (and some consumers) switched to frozen poultry following the pig disease in Malaysia in 1998. This trend is expected to continue into the near future.	The fresh poultry market is very strong as consumers still prefer fresh poultry which is widely available.	Category A.  This market continues to be attractive for the USA and US exporters should capitalise on the growth in this market.
Dairy	92,312 tonnes  US\$ 203 million (CIF value)	140,457 tonnes  US\$ 198 million (CIF value)	10% growth per annum. Market growth was seen mainly in liquid milk, pizza and grated cheese, processed cheese, butter, ice cream, yogurt and ingredients for recombined liquid milk. Market decline was seen mainly in milk powder.	High levels of existing competition for market share amongst key suppliers, both local and overseas, making new entry difficult and costly.	Category B  Good sales potential exists particularly for pizza cheese, ice cream and processed cheese.
Eggs products	315 tonnes  US\$ 0.9 million (CIF value)	1,119 tonnes  US\$ 2 million (CIF value)	51% growth per annum. Small but fast growing market for the convenient seeking food service sector. Fresh eggs still preferred by the mass market.	This product is not understood by consumers and is more a food service item. Consumers prefer fresh eggs which are very affordable.	Category A.  This is a convenient item which can be further developed in the food service market.

Breakfast cereals	2,559 tonnes  US\$ 9 million (CIF value)	5,155 tonnes  US\$ 16 million (CIF value)	20% growth per annum. Fast growing and developing market (except breakfast oats). Still a young children's market although young adults are also consumers.	Nestlé and Kelloggs' strengths in the market.	Category A.  An attractive market for long term development based on higher disposable incomes and related changing eating habits.
Infant food, excluding dairy products	807 tonnes  US\$ 2 million (CIF value)	2,262 tonnes  US\$ 4 million (CIF value)	36% growth per annum. Rapid growth small market, mainly demanded by convenient seeking young mothers from middle to upper income group.	Nestlé's strength in the market. Young mothers appear to prefer cereal based infant foods.	Category B.  Attractive for US exporters wishing to take opportunities from the growing market and convenience demanded by young working mothers.
Snacks; potato and cereal based	1,405 tonnes  US\$ 7 million (CIF value)	2,793 tonnes  US\$ 9 million (CIF value)	20% growth per annum. Fast growing small market, mainly popular amongst teenagers and young adults.	Few constraints/ barriers exist under conditions where disposable income is growing.	Category A.  This market continues to be attractive for the USA and US exporters should capitalise on the growth in this market.



Fresh vegetables, temperate	147,285 tonnes  US\$ 87 million (CIF value)	280,776 tonnes  US\$ 102 million (CIF value)	18% growth per annum. Fast growing market with large demand from the high end food service sector. In addition, potatoes, tomatoes, cauliflower, broccoli, carrots and capsicum are increasingly used Singaporeans' home cooking.	Competition from key established suppliers from Malaysia and Australia.	Category B.  Demand for fresh temperate vegetables will continue to grow as more varieties are adopted into local food culture, particularly broccoli, cauliflower, carrots, peas/beans and capsicum.
Frozen vegetables	6,887 tonnes  US\$ 8 million (CIF value)	9,697 tonnes  US\$ 7 million (CIF value)	8% growth per annum. Growth market, mainly demanded by the food service sector (western style restaurants) as most Singaporean shoppers still prefer fresh vegetables.	Consumers still prefer fresh vegetables which are readily available all year round.	Category A.  This is more a food service demand product. Opportunities exist to service niche demand from western expatriates in the retail market.

Canned vegetables	24,403 tonnes  US\$ 30 million (CIF value)	31,036 tonnes  US\$ 33 million (CIF value)	5% growth per annum. Growth market, mainly demanded by the food service sector (Chinese and western style restaurants) as most Singaporean shoppers still prefer fresh vegetables.	Consumers still prefer fresh vegetables which are readily available all year round. The range of canned foods consumed in Singapore is currently very small.	Category A.  This is more a food service demand product. Opportunities exist to service niche demand from western expatriates in the retail market.
Fresh fruits, temperate	97,430 tonnes  US\$ 114 million (CIF value)	136,145 tonnes  US\$ 116 million (CIF value)	8% growth per annum. Except for oranges, tangerines and pear markets which are starting to mature, all other temperate fruits showed growth.	Few barriers exist for popular temperate fruits which have been adopted into local food culture such as apples, pears, oranges and grapes. Others such as berries and stone fruits remain exotic and are increasingly consumed as alternative fruits.	Category B.  Opportunities exist for US exporters to capitalise on growth in the berries and stone fruits segment as consumers are becoming more familiar with them.

Dried fruits	3,016 tonnes  US\$ 8 million (CIF value)	2,791 tonnes  US\$ 6 million (CIF value)	Declining by 1% per annum. Mainly bakery sector demand. Consumers increasingly prefer cereal and potato based snacks, particularly the younger generation.	Maturing market for traditional dried fruits such as raisins and prunes.	Category A.  New packaging and new product introductions and a wider distribution reach by the USA have created a stimulant in the sector, resulting in some increase in consumption.
Canned fruits	7,153 tonnes  US\$ 10 million (CIF value)	8,009 tonnes  US\$ 9 million (CIF value)	2% growth per annum. Market in slow growth, possibly starting to mature as fresh fruits are preferred by consumers.	Fresh fruits are preferred by consumers which are readily available all year round.	Category A.  This is more a food service demand product. Opportunities exist to service niche demand from western expatriates in the retail market.
Edible nuts	38,827 tonnes  US\$ 41 million (CIF value)	35,162 tonnes  US\$ 33 million (CIF value)	Declining by 2% per annum. Consumers increasingly prefer and potato based snacks, particularly the younger generation.	Declining market for imported roasted peanuts due to strong competition from local brands.	Category B.  Opportunities exists in supplying groundnuts (green) and other edible nuts to local edible nuts manufacturers.

Non-alcoholic beverages	79.3 million litres  US\$ 71 million (CIF value)	128.6 million litres  US\$ 66 million (CIF value)	12% growth per annum. The market is dominated by local products which meet closely with consumer taste. Import growth is mainly in fruit juices (orange, grape, blackcurrant, pineapple, mixture of fruits and vegetables), cordials and mineral water (non-flavoured).	Very strong competition from local products and brands which meet closely with consumer taste demands.	Category B.  Opportunities exist for US exporters to supply competitively priced juices (fruits and mixture of fruits and vegetables).
Wine	3.1 million litres  US\$ 25 million (CIF value)	6.6 million litres  US\$ 52 million (CIF value)	23% growth per annum. Fast growing market, particularly demanded at weddings and other major celebrations as purchasers increasingly switch from spirits (brandy) to wine (sparkling and non-sparkling). Wine is still not fully understood by the majority of Singaporeans.	Wine is still not well understood by most Singaporeans, even those educated and well-travelled group of consumers.	Category B.  Opportunities exist for US exporters to develop this market to their benefit as young to middle aged consumers look for alternatives to spirits.

Beer	16.1 million litres  US\$ 21 million (CIF value)	28.7 million litres  US\$ 27 million (CIF value)	16% growth per annum. The market is dominated by local brands as well as Malaysian brands. Most imports have tentative niche presence as the foreign brands are unknown to consumers.	Very strong competition from local brands and from Carlsberg (Malaysia).	Category B.  Opportunities exist for US exporters to develop a niche market for its brands, targeting pubs and high end restaurants.
Spirits	5.2 million litres  US\$ 339 million (CIF value)	4.5 million litres  US\$ 219 million (CIF value)	Declining by 3% per annum. 78% of the market is made up of whiskey and brandy, both declining at 5% per annum. However, Rum (3% of market size) is growing at 9% per annum.	High duties on these products and consumer preference for brandy make this a costly market to enter for new-to-market brands.	Category B.  Opportunities exist for US exporters to develop the market for rum.
Pet food	-	5,461 tonnes  US\$ 7 million (CIF value)	Growing market as it is increasingly fashionable for the middle to upper income groups to own exotic pet dogs and cats. This product group was not separately recorded by the Department of Statistics in 1995.	Few constraints/barriers exist under conditions where disposable income is growing.	Category A.  This market continues to be attractive for the USA and US exporters should capitalise on the growth in this market.
Source: Data from the Department of Statistics					

The summary of findings is as follows:  
Category A retail market segments are:

! Poultry, frozen

- ! Egg products
- ! Breakfast cereals
- ! Snacks, potato and cereal based
- ! Frozen vegetables
- ! Canned vegetables
- ! Dried fruits
- ! Canned fruits
- ! Pet food

Category B retail market segments are:

- ! Lamb
- ! Dairy products
- ! Infant food, excluding dairy products
- ! Fresh vegetables, temperate varieties
- ! Fresh fruits, temperate varieties
- ! Edible nuts
- ! Non-alcoholic beverages
- ! Wine
- ! Beer
- ! Spirits

Category C retail market segments are:

- ! Beef

END OF REPORT